

P-999/CI-93-1176 ORDER APPROVING GTE MINNESOTA'S MODERNIZATION PLAN
AND REQUIRING PROGRESS REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
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Cynthia A. Kitlinski
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Commission Initiated
Investigation to Establish Requirements for the
Telecommunications Infrastructure in
Minnesota

ISSUE DATE: February 21, 1995

DOCKET NO. P-999/CI-93-1176

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PROCEDURAL HISTORY

On May 19, 1994, the Commission issued its ORDER APPROVING SHORT-TERM AND INTERMEDIATE INFRASTRUCTURE RECOMMENDATIONS AS MODIFIED AND ESTABLISHING A COMMENT PERIOD in Docket No. P-999/CI-93-1176. In this Order, the Commission approved modified short and intermediate term infrastructure requirement recommendations of the Minnesota Telefutures Study Group (MTSG) as provided in the MTSG's Final Report filed with the Commission on November 19, 1993. The Order established a comprehensive plan for the modernization of local exchange carrier (LEC) facilities and established a time table for compliance filings to address specific concerns.¹

Additionally, the Commission's Order required that all LECs file a plan with the Commission by October 1, 1994 for providing interLATA equal access by January 1, 1997. In addition to interLATA presubscription, the remaining short term measures call for full digital switch deployment by January 1, 1998, and the provision of first generation custom calling services by two alternative dates, January 1, 1996 and January 1, 1997.

On October 3, 1994, GTE Minnesota (GTE or the Company) filed an extension request and proposed alternative modernization plan in response to the remaining short term measures established by the Commission in its May 19 Order.

On November 17, 1994, the Minnesota Department of Public Service (the Department) filed a response to GTE's request and proposed plan.

On February 7, 1995, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

¹ In this Order the Commission established several dates for compliance filings. The first filing required by the Commission was that all LECs file a plan by July 1, 1994 for the provision of one-party service upon request customer request by January 1, 1995 and a plan to eliminate a separate charge for touchtone service by January 1, 1995. GTE has complied with these requirements.

A. GTE's Proposal

Attachment A summarizes GTE's request. GTE is requesting the extension of three deadlines established in the Commission's May 19, 1994 Order:

- an extension of the January 1, 1998 deadline for installing digital switches to December 31, 1998 for the 1998 exchanges: Adams, Arco, Brookston, Elrosa, Fountain, Hazel Run, Jacobson, Leroy, Lynd, Meadowlands, Nickerson and Warba
- with respect to custom calling services and interLATA equal access, an extension of the January 1, 1997 deadlines to December 31, 1998 for the 1998 exchanges
- an extension of the January 1, 1997 deadline for custom calling services and interLATA equal access to December 31, 1997 for the 1997 exchanges: Askov, Big Falls, Boyd, Ghent, Hanley Falls, Isabella, Kandiyohi, Lake Lillian, Raymond, and Svea

In addition, in order to maintain its flexibility in implementing its plan, it requests that the Commission grant these extensions with the clarification that GTE will have the right to substitute other exchanges for exchanges specifically subject to an extension on a one-for-one basis as circumstances may dictate.

GTE reported that 86 percent of its customer lines are fully modernized at this time. The Company noted that even with the requested extensions, digital switch deployment, first generation custom calling, and interLATA equal access will be fully completed by December 31, 1998.

B. GTE's Argument

In support of its proposal, GTE stated that its plan constituted a substantial commitment of resources that significantly accelerates its historical central office replacement activity. To illustrate, during the 1990-1994 timeframe, GTE installed 12 digital central office, an average of 3 per year. GTE's current proposal will place digital switching technology in 41 central offices during the 1995-1998 timeframe, an average of approximately 10 per year.

GTE is confident that it can meet this timetable. The Company stated that it has increased its workforce to achieve this level of digital switch installation. At the same time, GTE believes that the proposed schedule will also allow the Company to balance its workforce and capital requirements while maintaining appropriate service levels. Also, the schedule ensures that modernization will have a stabilizing effect on GTE's rates.

Finally, GTE stated that end users' rates may be adversely impacted if the extensions were not granted.

B. The Department's Comments

The Department reviewed cost information provided by GTE in support of the requested time extension, specifically with respect to the comparative costs of modernizing faster than the Company was proposing. The Department stated that it was fully satisfied that GTE's request was reasonable and recommended that the Commission approve it. The Department noted that GTE's request was in line with the timetable proposed by United Telephone Company (United).

C. Commission Action

The Commission is reluctant to delay the implementation of equal access for the remaining 14 percent of GTE's access lines. Equal access service is a precondition of competition between toll providers. All Minnesota telephone customers should have whatever benefit that competition can provide as soon as possible.

At the same time, it is certainly desirable to update the remaining 14 percent of its service lines pursuant to a cost effective timetable. The Commission finds that the Company's plans are a reasonable attempt to balance the highly desirable goal of complete modernization with other legitimate goals: minimizing the overall cost of implementation and rate pressure while maintaining a high level of customer service and satisfaction. In addition, the Company's timetable for completing the upgrade is consistent with the requirements imposed on United Telephone Company (United) for modernization of the final 14 percent of its customer service lines.²

Accordingly, the Commission will grant the requested extensions and allow the Company to proceed according to the timetable proposed in this matter. The Commission will, however, strongly encourage the Company to make every reasonable effort to complete the modernization in advance of the deadlines established in that Plan. Further, to keep the

Commission apprised of the Company's progress and to serve as additional encouragement to expedite the process, the Commission will require GTE to file progress reports on June 30 and December 31 of each year until the plan is fully implemented and completed.

ORDER

1. GTE's request for an extension of time to comply with certain portions of the Commission's May 19, 1994 MTSG Order is approved. The Company is authorized to proceed with modernization of the remaining 14 percent of its access lines as proposed in this matter and indicated in Attachment A.
2. On June 30 and December 31 of each year until the plan is fully implemented and completed, GTE shall file progress reports which shall include updated versions of Attachment A.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

² See ORDER APPROVING UNITED TELEPHONE COMPANY'S MODERNIZATION PLAN AND REQUIRING PROGRESS REPORTS in this matter, issued contemporaneously with this Order.